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# ANTARA HOLIDAY VILLAS SDN BHD v. TEDULOUS TRAVEL & TOURS SDN BHD

HIGH COURT MALAYA, KUALA LUMPUR
YUSRIN FAIDZ YUSOFF JC
[SUIT NO: WA-22IP-59-09-2020]
B 17 MARCH 2025

**Abstract** – *In determining the rightful proprietor of a trademark, courts must apply the fundamental principle of trademark law that priority in use generally prevails over priority in registration. If one party has shown that its mark has achieved distinctiveness and has acquired its own goodwill and reputation in the market, through continuous and substantial use and the likelihood of confusion is well-established, another party's subsequent registration of the mark cannot be upheld and ought to be invalidated. The law will not permit one trader to reap where another has sown.*

***INTELLECTUAL PROPERTY:*** *Trademarks – Registered trademark – First user principle – Priority of use – Whether priority of use prevails over priority in registration – Goodwill and reputation through continuous and substantial use – Whether trademark invalid if registration conflicted with earlier unregistered right of another party – Likelihood of confusion – Whether there was passing off and infringement – Whether rightful proprietor established priority of use – Whether registered trademark deemed invalid – Trademarks Act 2019, ss. 23(5)(a), 24(4)(a) & 55(2)*

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The plaintiff was a renowned hotel operator under the distinguished brand name 'Holiday Villa.' Under this brand, the plaintiff and its affiliated companies operated hotels across six countries. On 24 March 2016, the plaintiff secured trademark registrations 'LA VILLA' under Classes 43 and 16. This classification ensured comprehensive protection, with Class 43 covering the plaintiff's hospitality services, including food, beverages and lodging. This trademark was first utilised in February 2014 for the plaintiff's poolside restaurant, located within their 340 room beachfront resort known as Holiday Villa Resort & Beach Club Langkawi. Subsequently, the plaintiff broadened the use of the 'LA VILLA' trademark to encompass additional offerings, including a dedicated hotel wing at Holiday Villa Beach Resort & Spa Cherating. Demonstrating their intent to associate the mark with this exclusive and upscale hospitality experiences – specifically their pool villa concept – the plaintiff filed four additional trademark applications on 17 June 2019, which were duly approved by the trademark office. The defendant had been running a boutique accommodation business in Langkawi under the name 'LA VILLA' since July 2013, despite not

registering the trademark. This accommodation consisted of 11 pool villas located 3km north-northeast of the plaintiff's 15 acre resort, in an inland area of Langkawi without direct access to the beach. One month after submitting four new 'LA VILLA' trademark applications for their boutique hotel, the plaintiff issued a demand seeking to restrain the defendant from using the trademark 'LA VILLA'. The defendant refuted the plaintiff's allegations and asserted that they were the first to use the trademark. The plaintiff commenced a writ action, claiming that the defendant's use of the name 'LA VILLA' infringed upon their registered trademark. In turn, the defendant counterclaimed for the invalidation of the plaintiff's trademark, asserting prior use of the name in connection with hotel services. The issues that arose were: (i) whether the defendant was the first and prior user of the 'LA VILLA' trademark; (ii) whether the plaintiff's registered trademarks should be invalidated; (iii) whether the plaintiff had committed passing off; and (iv) whether the defendant infringed the plaintiff's trademark.

**Held (dismissing plaintiff's claims; allowing defendant's counterclaims):**

**(1)** In determining the rightful proprietor of the 'LA VILLA' trademark, the fundamental principle of trademark law ought to apply: that priority in use generally prevails over priority in registration. The defendant was the first and prior user of the 'LA VILLA' trade name and trademark in Malaysia, having consistently operated under this name since July 2013. Compelling documentary evidence was produced that not only substantiated the defendant's longstanding use of the mark but also illustrated the degree to which the name 'LA VILLA' had become associated with its business well before the plaintiff's claimed adoption of the mark. The plaintiff's alleged first use of the 'LA VILLA' trademark did not occur until February 2014 – several months after the defendant had already established its brand in the marketplace. In the realm of trademark disputes, such a temporal gap was not a mere technicality but a decisive factor as the first user principle ensured that commercial identity and goodwill were safeguarded from subsequent claims by later entrants. The defendant's rights in the 'LA VILLA' mark were both legitimate and deserving of legal protection. (paras 21-30)

**(2)** The defendant had shown that its mark had achieved distinctiveness and had acquired its own goodwill and reputation in the market. The defendant's mark, through continuous and substantial use, had become well-known to consumers and had been strongly associated with the defendant's business, *ie,* the operation of pool villas, which were luxurious accommodations that feature private swimming pools. Consumers would likely associate the plaintiff's use of 'LA VILLA' with the defendant's earlier business. The likelihood of confusion under s. 23(5)(a) of the Trademarks Act 2019 ('TMA') was well established by the defendant's evidence, thus satisfying the legal threshold for the first

invalidation ground. Further, under s. 24(4)(a) of the TMA, a trademark is invalid if its registration conflicts with an earlier unregistered right wherein the defendant had demonstrated that the plaintiff's subsequent registration of the mark amounted to passing off. Given that the defendant had been continuously using 'LA VILLA' since 2013, the plaintiff's subsequent registration of the mark could not be upheld as per the second invalidation ground. (paras 35 & 36)

**(3)** The plaintiff, coming later and adopting the very same mark, had given rise to misrepresentation – one that would lead the ordinary customer to believe that its business was in some way connected to the defendant. It would reasonably lead ordinary customers to believe that the plaintiff's products and services were associated with or endorsed by the defendant. Such risk of confusion was greater when one considered that both parties traded in the same industry, offering hospitality services, and did so within a mere 3km from each other. The matter was further aggravated by the plaintiff's deliberate extension of the 'LA VILLA' name to its own pool villas at Holiday Villa Beach Resort & Spa Cherating, a move that not only amplified the risk of confusion but also encroached upon the goodwill the defendant had rightfully built. The defendant had demonstrated that such confusion was not without consequence – loss of business, dilution of brand and the erosion of its established reputation were not mere theoretical concerns but real and tangible harms. The plaintiff's actions bore all the hallmarks of passing off. The law would not permit one trader to reap where another has sown, and the defendant was entitled to the protection of its goodwill against such unwarranted encroachment. (paras 39-43)

**(4)** While adherence to business regulations is undoubtedly relevant in assessing the legitimacy of an enterprise, it does not dictate trademark rights. Licensing requirements concerned regulatory oversight, not trademark ownership. Prior use prevailed over registration, provided it was substantial and continuous. The plaintiff had not shown that the absence of a license had, in any way, altered consumer perception or diminished the goodwill attached to the defendant's business. The defendant's rights in the mark stood firm, undisturbed by the allegations of non-compliance. (paras 45 & 47)

**(5)** The plaintiff's claim of trademark infringement could not stand. The foundation upon which it rested – the plaintiff's registered trademarks – had crumbled with their invalidation. Without a valid registration, there could be no infringement, for one could not assert a right that no longer existed. But even if the marks had remained on the register, the defendant would still find refuge under s. 55(2) of the TMA, which afforded protection to the prior user. The law, in its wisdom, recognises

that the first in the field should not be displaced by a later comer armed with a mere certificate of registration. The plaintiff's claim was therefore without merit and must fail. The defendant was the rightful proprietor of the 'LA VILLA' trademark and had established priority of use. The plaintiff's trademarks were thereby declared invalid and ordered to be removed from the register. The plaintiff had also engaged in passing off, warranting a permanent injunction restraining its use of the 'LA VILLA' trademark. (paras 48-50)

**Case(s) referred to:**

*Appraisal Property Management Sdn Bhd & Ors v. Singham Sulaiman Sdn Bhd [2023] 2 CLJ 206 CA* ***(refd)***

*Asia Television Ltd & Anor v. Viwa Video Sdn Bhd & Other Cases [1984] 2 CLJ 80; [1984] 1 CLJ (Rep) 72 FC* ***(foll)***

*Inner Mongolia Mengniu Dairy (Group) Company Ltd v. Sims Capital Sdn Bhd [2023] 4 CLJ 790 HC* ***(refd)***

*McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC* ***(refd)***

*Re Arnold D Palmer In The Matter Of Trade Mark Registration No 63249 [1986] CLJU 11; [1986] 1 LNS 11* ***(refd)***

*Reckitt & Colman Products Ltd v. Borden Inc [1990] 1 WLR 491* ***(refd)***

**Legislation referred to:**

Evidence Act 1950, s. 114(g)

Trademarks Act 2019, ss. 16, 23(5)(a), 24(4)(a), 47(1), (3)(b), 48, 52, 53, 54, 55(2)

*For the plaintiff - Yong Pit Khean & Fatimah Zahrah Azmi; M/s PK Yong & Co*

*For the defendant - Pauline Khor Hong Ping & Joshua Liow Sze Yuan; M/s Rahmat Lim & Partners*

*Reported by Suhainah Wahiduddin*

## JUDGMENT

### Yusrin Faidz Yusoff JC:

### Introduction

**[1]** The story of hospitality in the Malay Peninsula is as old as its trading ports, its origins tracing back to the 15th century when merchants and travellers sought respite in the bustling port of Malacca. These early lodgings, though modest by modern standards, laid the foundation for the grand hotels and luxurious resorts that now define Malaysia's flourishing tourism industry. As Huang Zhong vividly recounts in Hai Yu (News from the Ocean), the hospitality trade of that era was deeply intertwined with commerce, with innkeepers providing not only food and shelter but a carefully curated experience-one that often came at a price:

> The merchants of the ships live in a hotel, the chief of which always gives female slaves to serve them and sends them food and drink morning and evening; but if one uses too freely of this, he may be sure that all his money will pass into the hands of the other.
>
> (Groeneveldt 1960; pages 126-128)

**[2]** More than five centuries later, the essence of hospitality remains unchanged. A name, a reputation, goodwill, and the promise of an experience-all of these elements continue to define the success of a hotel. Today, these attributes find protection under the law of intellectual property, ensuring that a brand's identity and the goodwill it has built remain exclusive to its rightful owner. It is against this backdrop that the present dispute unfolds, set along the picturesque shores of Langkawi. Here, two competing establishments, each with its own history, ambition, and claim to distinctiveness, now find themselves locked in a legal battle over a name.

**Background Facts**

**[3]** The trial was convened on 20 and 21 November 2023, during which the court examined witness testimonies and documentary evidence. The factual matrix that emerged presents a clear narrative of the events giving rise to this dispute.

**[4]** Antara Holiday Villas Sdn Bhd, the plaintiff, is a renowned hotel operator under the distinguished brand name "Holiday Villa". Under this brand, the plaintiff and its affiliated companies operate 27 hotels across six countries with nearly 6,000 rooms. On 24 March 2016, the plaintiff secured trademark registrations for 'LA VILLA' under Classes 43 and 16 (TM Nos. 2016002961 & 2016002962) (See Figure 1). This classification ensures comprehensive protection, with Class 43 covering the plaintiff's hospitality services, including food, beverages, and lodging; while Class 16 safeguards its printed materials, stationery, and marketing assets. This trademark was first utilised in February 2014 for the plaintiff's poolside restaurant, located within their 340-room beachfront resort in Langkawi known as Holiday Villa Resort & Beach Club Langkawi.

**Figure 1.** Plaintiff's registered trademark in TM Nos. 2016002961 (Class 43) & 2016002962 (Class 16).

**[5]** Subsequently, the plaintiff broadened the use of the 'LA VILLA' mark to encompass additional offerings, including a dedicated hotel wing at Holiday Villa Beach Resort & Spa Cherating. Demonstrating their intent to associate the mark with this exclusive and upscale hospitality experiences – specifically their pool villa concept – the plaintiff through their trademark agent filed four additional trademark applications on 17 June 2019 (Application Nos. 2019021454, 2019021456, T2019021460 & 20190214561) (See Figure 2 & 3). By the time the matter proceeded to trial, all four applications had been duly approved by the trademark office.

**Figure 2.** Plaintiff's registered trademark in TM Nos. 2019021454 (Class 16) & 2019021456 (Class 43).

**Figure 3.** Plaintiff's registered trademark in TM Nos. 2019021460 (Class 16) & 20190214561 (Class 43).

**[6]** The defendant, Tedulous Travel & Tours Sdn Bhd, has been running a boutique accommodation business in Langkawi under the name 'LA VILLA' since July 2013, despite not registering the trademark (see Figures 3, 4, and 5). This accommodation consists of 11 pool villas located three kilometers north-northeast of the plaintiff's 15-acre resort, in an inland area of Langkawi without direct access to the beach.

**Figure 3.** Defendant's unregistered trademark.

Figure 4. Defendant's unregistered trademark.

Figure 5. Defendant's unregistered trademark.

**[7]** One month after submitting four new 'LA VILLA' trademark applications for their boutique hotel (Figure 2 & 3), the plaintiff, through their solicitors, Messrs PK Yong & Co, issued a demand dated 19 July 2019, seeking to restrain the defendant from using the trademark 'LA VILLA.' In response, the defendant, through their solicitors, Messrs Rahmat & Lim, issued a reply on 20 September 2019, refuting the plaintiff's allegations and asserting that they were the first to use the trademark.

**[8]** On 29 September 2020, the plaintiff commenced a writ action, claiming that the defendant's use of the name 'LA VILLA' infringes upon their registered trademark. In turn, the defendant counterclaimed for the invalidation of the plaintiff's trademark, asserting prior use of the name in connection with hotel services.

**[9]** On 8 October 2024, after examining the evidence and submissions advanced by both parties, I found in favour of the defendant. The defendant had successfully established its position as the prior user of the unregistered mark 'LA VILLA'" and demonstrated, on a balance of probabilities, that the plaintiff's registered trademarks ought to be invalidated pursuant to s. 47 of the Trademarks Act 2019 ('TMA'). The defendant's counterclaim was therefore allowed, and they were granted the necessary injunctive reliefs and the right to assess damages. Accordingly, the plaintiff's claims for trademark infringement and passing off were dismissed. Costs in the sum of RM100,000 were ordered to be paid by the plaintiff to the defendant.

**[10]** Essentially, the plaintiff, *vide* notice of appeal dated 10 September 2024, is appealing against my aforesaid decision.

**Issues**

**[11]** The key issues between the parties are as follows:

(i) whether the defendant is the first and prior user of the 'LA VILLA' trademark;

(ii) whether the plaintiffs registered trademarks should be invalidated;

(iii) whether the plaintiff has committed passing off; and

(iv) whether the defendant infringed the plaintiffs trademark.

**Counsels' Contentions**

*Plaintiff's Contentions*

**[12]** Learned counsel for the plaintiff, Yong Pit Khean, not only serves as the plaintiff's advocate in this matter but is also the trademark agent responsible for filing the six registered trademarks now subject to the defendant's counterclaim for expungement. Through his extensive 330-page submission, learned counsel asserts that the plaintiff is the rightful registered proprietor of the 'LA VILLA' trademarks and holds the exclusive right to their use-an argument that inevitably aligns with his prior role in securing these registrations.

**[13]** Learned counsel for the plaintiff submits that the plaintiff's trademark registrations, dating back to March 2016, confer upon it the legal standing to restrain any unauthorised use by the defendant. In advancing this position, the plaintiff invokes ss. 16, 48, 52, 53, and 54 of the TMA, contending that trademark registration grants statutory rights, the infringement of which is actionable under the law. It is further asserted that the defendant's continued use of 'LA VILLA' amounts to a flagrant violation of the plaintiff's exclusive rights, and that the sanctity of registration must prevail over any purported prior unregistered use by the defendant.

**[14]** Furthermore, learned counsel for the plaintiff submits that the defendant has failed to establish exclusive ownership of the mark, as mere prior use, without evidence of substantial and continuous use, is insufficient to confer such rights. It is further contended that the defendant has not adduced adequate proof of public use to substantiate any claim of priority over the registered mark.

**[15]** Learned counsel for the plaintiff further challenges the defendant's counterclaim for invalidation, contending that the defendant fails to meet the requisite standing as an 'aggrieved party' under s. 47(1) of the TMA. It is argued that prior use, in itself, does not automatically vitiate a registered trademark. The plaintiff maintains that the defendant's usage has been sporadic and lacks the necessary commercial significance to warrant invalidation.

**[16]** Learned counsel for the plaintiff further contends that the defendant has been operating without the necessary business licences from local authorities, thereby calling into question the legitimacy of its commercial activities. It is argued that this non-compliance undermines the defendant's claim to prior use and goodwill, as a business that operates without proper licensing cannot claim lawful establishment or accrued trademark rights. The plaintiff cites *Appraisal Property Management Sdn Bhd & Ors v. Singham Sulaiman Sdn Bhd* [2023] 2 CLJ 206; [2023] 2 MLJ 153, and argues that a valid business license is crucial to the defendant's establishment of goodwill in its use of the defendant's trademark in the course of trade. The plaintiff argues that the court should draw an adverse inference under s. 114(g) of the Evidence Act 1950 due to the defendant's failure to produce evidence of licensing, thereby weakening its claim of priority use.

**Defendant's Contentions**

**[17]** Learned counsel for the defendant, Pauline Khor Hong Ping, in her 140-page submission asserts that the defendant has been using 'LA VILLA' since July 2013, predating the plaintiff's first use in February 2014. Counsel submits that the defendant has provided documentary evidence, including invoices, online listings, and marketing materials, to establish its priority of use.

**[18]** Learned counsel for the defendant refutes the plaintiffs argument regarding the lack of a business license, asserting that the requirement for a license is a regulatory issue and does not affect its rights to the 'LA VILLA' trademark. Counsel submits that under Malaysian trademark law, common law rights in a trademark arise from actual use in trade, irrespective of licensing status.

**[19]** In particular, counsel for the defendant pointed out that the penalty for breaching the Undang-Undang Kecil Perlesenan, Perniagaan Dan Perusahaan (Pihak-Pihak Berkuasa Tempatan) Negeri Kedah 1985, if any, does not include a prohibition from enforcing intellectual property rights. Counsel further argues that the plaintiff's reliance on *Appraisal Property Management Sdn Bhd & Ors v. Singham Sulaiman Sdn Bhd* (*supra*) is misplaced and asserts that the licensing issue is separate from trademark ownership and should not be used to negate its rights, particularly when it has established goodwill and reputation in the mark.

**[20]** Counsel for the defendant also refutes the plaintiff's claims of exclusive statutory rights, highlighting that under s. 55(2) of the TMA, prior use provides a valid defence against trademark infringement claims.

## Findings Of The Court

*Issue 1: Whether The Defendant Is The First And Prior User Of The 'LA VILLA' Trademark*

**[21]** In determining the rightful proprietor of the 'LA VILLA' trademark, the court must apply the fundamental principle of trademark law: that priority in use generally prevails over priority in registration.

**[22]** The evidence before the court unequivocally establishes that the defendant, Tedulous Travel & Tours Sdn Bhd, is the first and prior user of the 'LA VILLA' trade name and trademark in Malaysia, having consistently operated under this name since July 2013. Compelling documentary evidence was produced which includes the following:

(i) an accommodation agreement with Booking.com dated 16 July 2013, showing the defendant's hotel name as 'LA VILLA';

(ii) screenshots of Booking.com, Agoda, Expedia, and other third-party booking platforms featuring the defendant's hotel under the 'LA VILLA' name since August 2013;

(iii) sales invoices, booking confirmations, and payment records dating back to 2013; and

(iv) social media postings and advertisements featuring the defendant's 'LA VILLA' branding since 2013.

**[23]** These documents not only substantiate the defendant's longstanding use of the mark but also illustrate the degree to which the name 'LA VILLA' had become associated with its business well before the plaintiff's claimed adoption of the mark.

**[24]** The plaintiff initially pleaded that its first use of the 'LA VILLA' trademark occurred in February 2015. However, it amended this claim to an earlier date of February 2014. Confronted with the defendant's clear proof of earlier use, the plaintiff – through the testimony of PW1 – then sought to establish an even earlier date of use in an apparent attempt to bolster its position.

**[25]** From his testimony, PW1 claimed that the plaintiff had used the 'LA VILLA' name at a much earlier date, *ie*, before the construction of the swimming pool, but failed to substantiate this claim with any clear documentary evidence. On the contrary, the construction agreement between PW1's company and the plaintiff makes no mention of the name 'LA VILLA.' Instead, it refers to the project as the renovation of the "Sun Set Terrace". This further discredits PW1's claim that he knew the name 'LA VILLA' was already in use at that time.

**[26]** During cross-examination, PW1 was repeatedly evasive, refusing to provide direct answers to straightforward questions. When pressed on key details, PW1 either avoided the question or provided vague and conflicting responses. I find that PW1's evidence is riddled with contradictions and inconsistencies. Accordingly, I am of the view that PW1 is not a reliable witness, and his evidence ought to be treated with caution and accorded little weight.

**[27]** Through the testimony of its subsequent witnesses, the plaintiff successfully adduced the following evidence of use:

(i) a 2015 edition of its in-house publication, "Manja Magazine", which stated that the plaintiff's restaurant, "La Villa (Poolclub and Restaurant)," commenced operations in February 2014;

(ii) a launch invitation card dated 26 April 2014;

(iii) a customer receipt issued on 26 March 2014; and

(iv) a financial statement reflecting zero revenue from the plaintiff's "La Villa" establishment in 2013, thereby indicating that operations began in 2014.

**[28]** Hence, the plaintiff's alleged first use of the 'LA VILLA' trademark did not occur until February 2014 – several months after the defendant had already established its brand in the marketplace. In the realm of trademark disputes, such a temporal gap is not a mere technicality but a decisive factor, as the first user principle ensures that commercial identity and goodwill are safeguarded from subsequent claims by later entrants.

**[29]** Most notably, the plaintiff itself conceded that the defendant was the first user of the mark. This can be seen in the testimony of PW3 during cross-examination:

PKHOR: **Ok. So now, in relation to the Plaintiff's use, ok, of La Villa, can you please tell me what's the date of first use?**

CCF: **For us?**

PKHOR: **Yes, for you.**

CCF: **We actually, officially we have a Mania Magazine to launch, if you, I think see in my witness statement. The Mania Magazine was released in 2014, early 2014.**

PKHOR: Ok. So, would you like to tell me what the Manja Magazine says as to the date of the Plaintiff's use? First use.

CCF: It didn't mention the date of first use.

PKHOR: It didn't mention? I can point you to what the Manja Magazine says. Do you have the magazine in front of you?

CCF: Which bundle?

PKHOR: D1, pages 270 to 275.

CCF: Ok, got it.

PKHOR: You are aware of this, right?

CCF: Right.

PKHOR: Ok. There are clearer copies in front. The ones that I've referred you to is just the relevant pages. The full document is in front. So, can 1 refer you to the full document in colour which is clearer? 170 to 185.

CCF: Yes.

PKHOR: Ok. Now, in your statement of claim, you have attached this 2015 edition of the Manja Magazine to your statement of claim. Yes? Can you confirm, please?

CCF: Yes.

PKHOR: Ok. And the referencing in the statement of claim, the amended statement of claim is at page 31 of the bundle of pleadings. Are you with me, Mr Chee?

CCF: 31?

PKHOR: Of the bundle of pleadings. Have you found it?

CCF: Page what?

PKHOR: So, page 31. Actually, this is the Plaintiff's statement of claim, yes.

CCF: Yes.

PKHOR: Amended statement of claim. You remember this, right? Because you would have instructed your lawyers to file this suit and prepare this under your instruction.

CCF: Yes.

PKHOR: Ok. So, if you look at paragraph 6(b), let me read out to you. "The Plaintiff's mark has first been applied and used and continuously being applied and used if not earlier at least since around the year 2014 at the premise known as La Villa Poolclub & Restaurant. Being an outlet located at the said Langkawi Holiday Villa as aforesaid", and then you look at (b), "When the said premise was officially launched on February 2014, as evidenced in Appendix B", and 2015 edition of the Manja Magazine is appended, yes. You put it in from the time that you sued the Defendant. When 1 say you, 1 mean the Plaintiff.

CCF: Ok.

PKHOR: So, yes or no? Yes, right?

CCF: Yes.

PKHOR: Ok. So now, in this 2015 Manja Magazine and there is a clearer copy, just now that 1 referred you to in that bundle, at page 173.

CCF: Ok.

PKHOR: I will read out to you what this document, that you attached in your statement of claim, says, "Langkawi invites you to experience a delightful world at La Villa Poolclub & Restaurant at the 4-star Holiday Villa Beach Resort & Spa Langkawi which opened its doors in February 2014."

CCF: Ok.

PKHOR: Ok. So, the date of first use of the La Villa trademark by the Plaintiff as you had instructed your lawyers is February 2014, because of this Manja Magazine. In fact, earlier it was 2015, yes.

CCF: It was a mistake.

PKHOR: Yes.

CCF: An error, yes.

PKHOR: Yes. So far with me, Mr Chee?

CCF: Yes.

PKHOR: And you stand by this date, yes?

CCF: Officially, yes.

PKHOR: Yes.

CCF: Correct.

PKHOR: Officially, of course. We are in Court, it has to be official.

CCF: Yes.

(See: note of evidence dated 20 November 2023 at pp. 159 to 162)

PKHOR: **Ok. So, 1 am puttinq it to you that the Defendant used this mark, just now I showed you here, the Defendant's mark, first before the Plaintiff used this.**

CCF: **Yes.**

PKHOR: **Ok. And the Defendant used it first in respect of hotels.**

CCF: **Yes.**

PKHOR: In Malaysia.

CCF: In Malaysia, I don't know.

PKHOR: Ok, alright. Then, ok, I withdraw that. **Ok, so the Defendant is the first user of the La Villa trademark in respect of hotels and not the Plaintiff, when we are looking at these two relatively.**

CCF: **OK**

PKHOR: **Yes?**

CCF: **Yes.**

(See: note of evidence dated 20 November 2023 at pp. 181 to 182).

**[30]** It is worth noting that PW3, Chee Chong Fatt (referred as CCF above) is a long-serving director of the plaintiff, the deponent of most of the affidavits filed in this action, and the individual responsible for overseeing the plaintiff's intellectual property matters. His admission, when viewed alongside the lack of any compelling evidence demonstrating the plaintiff's prior use, undermines the plaintiff's claim. In the absence of persuasive proof to establish an earlier entitlement, the court finds that the defendant's rights in the 'LA VILLA' mark are both legitimate and deserving of legal protection.

*Issue 2: Whether The Plaintiff's Registered Trademarks Should Be Invalidated*

**[31]** The claim for invalidation of the plaintiff's 'LA VILLA' trademark is made under two specific grounds as set forth below:

(i) the first invalidation ground – Section 47(1) read in conjunction with s. 23(5)(a) of the TMA; of which relevant provisions are as follows:

> 47. Invalidation of registration by Court
>
> (1) The registration of trademark may be declared invalid by the Court upon the application by an aggrieved person on the ground that the trademark was registered in breach of section 23.
>
> ...
>
> 23. Absolute grounds for refusal of registration
>
> ...
>
> (5) In addition to the grounds in subsections (1), (3) and (4), the Registrar shall refuse to register a trademark based on any of the following absolute grounds for refusal of registration:
>
> (a) if the use of the trademark is likely to deceive or cause confusion to the public or contrary to any written law.

(ii) the second invalidation ground – Section 47(3)(b) read in conjunction with s. 24(4) of the TMA, of which relevant provisions are as follows:

> 47. Invalidation of registration by Court
>
> ...
>
> (3) The registration of trademark may be declared invalid by the Court upon the application by an aggrieved person on the ground that -
>
> (b) there is an earlier right under subsection 24(4).

A 24. Relative grounds for refusal of registration

(4) Subject to subsection (6), the Registrar shall refuse to register a trademark if, or to the extent that, its use in Malaysia is prevented -

(a) by virtue of any rule of law protecting an unregistered trademark or other sign used in the course of trade including under the
B law of passing off.

**[32]** The pivotal question before assessing the merits of an application for revocation and invalidation is whether the party initiating the action qualifies as an 'aggrieved person' under the law. As aptly observed by Mohd Radzi Harun J in *Inner Mongolia Mengniu Dairy (Group) Company Ltd v. Sims Capital*
C *Sdn Bhd* [2023] 4 CLJ 790; [2023] 10 MLJ 119, where judicial review principles on *locus standi* were applied, such a person must not be "a busybody, a crank, or a mischief-maker."

**[33]** The High Court of Singapore in *Re Arnold D Palmer In The Matter Of*
D *Trade Mark Registration No 63249* [1986] CLJU 11; [1986] 1 LNS 11; [1987] 2 MLJ 681 per Chan Sek Keong JC (later Chief Justice of Singapore), set out the requirements that an aggrieved person must establish, namely:

(i) the person has shown that he used his mark as a trademark;

(ii) the person has a genuine and present intention to use his mark as a
E trademark;

(iii) there is use or intention to use that trademark in the course of a trade; and

(iv) the trade in issue must be one which is the same as or similar to the trade
F of the owner of the registered trademark that the person wants to have removed from the Register.

**[34]** The decision in *Re Arnold D Palmer* (*supra*) was endorsed with approval by the Federal Court in *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749; [2009] 5 MLJ 741, where Abdul Aziz Mohamad FCJ held the
G following (at para. [22]):

> We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark – or who has a genuine and present intention to use his mark as a trademark – in the course of a trade which is the same as or similar to the trade of the owner
H of the registered trademark that the person wants to have removed from the register.

**[35]** The evidence before this court demonstrates that consumers would likely associate the plaintiff's use of 'LA VILLA' with the defendant's earlier business. I am of the considered view that the defendant has shown that its
I mark has achieved distinctiveness and has acquired its own goodwill and

reputation in the market. The defendant's mark, through continuous and substantial use, has become well-known to consumers and has been strongly associated with the defendant's business, *ie*, the operation of pool villas which are luxurious accommodations that feature private swimming pools.

**[36]** I am of the considered view that the likelihood of confusion under s. 23(5)(a) is well established by the defendant's evidence, thus satisfying the legal threshold for the first invalidation ground. Further, under s. 24(4)(a), a trademark is invalid if its registration conflicts with an earlier unregistered right wherein the defendant has demonstrated that the plaintiff's subsequent registration of the mark amounted to passing off. Given that the defendant has been continuously using 'LA VILLA' since 2013, the plaintiff's subsequent registration of the mark cannot be upheld as per the second invalidation ground.

*Issue 3: Whether The Plaintiff Has Committed Passing Off*

**[37]** In relation to the claim for passing off, the defendant must establish the three classic tests as re-affirmed by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] 1 WLR 491 (HL), at p. 880:

> First, he must establish a **goodwill** or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Second, he must demonstrate a **misrepresentation** by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Third, he must demonstrate that he suffers or ... that he is likely to suffer **damage** by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff. (emphasis added)

**[38]** The evidence speaks plainly. The defendant has, through consistent use and the recognition of its customers, established goodwill in the name 'LA VILLA'. The plaintiff has argued that the defendant's use of the 'LA VILLA' trademark did not generate sufficient goodwill in Malaysia, particularly because the defendant's business was allegedly targeted at foreign customers. I am of the view that the defendant has effectively debunked this argument by showing that its online advertisements on platforms like Booking.com, Agoda, and Expedia were accessible to the Malaysian public. I also note that these platforms are not country-specific and are widely used by Malaysians. The defendant has also provided evidence of local customers, such as the invoice issued to one Jeremy Key on 2 January 2014, which shows that the defendant's hotel served local guests before the plaintiff's alleged first use.

**[39]** The plaintiff, coming later and adopting the very same mark, has given rise to a misrepresentation – one that would lead the ordinary customer to believe that its business is in some way connected to the defendant. It would reasonably lead an ordinary customer to believe that the plaintiff's products and services are associated with or endorsed by the defendant.

**[40]** In denying the infringement, the plaintiff has taken contradictory positions on whether the defendant's trademark is confusingly similar to its own. The defendant has effectively debunked the plaintiff's arguments by showing:

(i) that the plaintiff has conceded in its written submissions that the defendant's trademark is confusingly similar to its own. This therefore undermines the plaintiff's claim that there is no likelihood of confusion; and

(ii) the defendant explains that the additional words used alongside the 'LA VILLA' trademark (*eg*, 'Langkawi' and 'Private Pool') are merely descriptive and do not diminish the distinctiveness of the 'LA VILLA' mark. The court notes that the plaintiff's own trademarks contain disclaimers for descriptive words, which shows that the use of descriptive elements does not affect the distinctiveness of a trademark.

**[41]** Such risk of confusion is all the greater when one considers that both parties trade in the same industry, offering hospitality services, and do so within a mere 3km of each other.

**[42]** The matter is further aggravated by the plaintiff's deliberate extension of the 'LA VILLA' name to its own pool villas at Holiday Villa Beach Resort & Spa Cherating, a move that not only amplifies the risk of confusion but also encroaches upon the goodwill the defendant has rightfully built. The defendant has demonstrated that such confusion is not without consequence – loss of business, dilution of brand, and the erosion of its established reputation are not mere theoretical concerns but real and tangible harms.

**[43]** In my judgment, the plaintiff's actions bear all the hallmarks of passing off. The law will not permit one trader to reap where another has sown, and the defendant is entitled to the protection of its goodwill against such unwarranted encroachment.

**[44]** On the matter of licensing, the plaintiff has sought to argue that the defendant's business is unlawful for want of a trading license, and that, as a result, the defendant can have no goodwill to protect. That argument, in my judgment, cannot stand. It was never pleaded, and what is not pleaded ought not to be entertained. I note that such issue was raised, as an afterthought, in the course of cross-examining the defendant's director, DW1. But a case must be made out in the pleadings, not conjured up in the midst of trial. Justice demands clarity, and the plaintiff cannot be permitted to shift its ground at the eleventh hour.

**[45]** Since the issue has been raised, I shall address it. While adherence to business regulations is undoubtedly relevant in assessing the legitimacy of an enterprise, it does not dictate trademark rights. The real question is whether the defendant has established prior and continuous use of the 'LA VILLA' mark in commerce.

**[46]** In *Asia Television Ltd & Anor v. Viwa Video Sdn Bhd & Other Cases* [1984] 2 CLJ 80; [1984] 1 CLJ (Rep) 72; [1984] 2 MLJ 304, the Federal Court held that failure to comply with the Films (Censorship) Act 2000 did not invalidate the plaintiff's rights under the Copyright Act 1987, as there was no connection between the two. The same principle applies here. Any alleged breach of the Undang-Undang Kecil Perlesenan, Perniagaan Dan Perusahaan (Pihak-Pihak Berkuasa Tempatan) Negeri Kedah 1985 does not extinguish the defendant's rights in its trademark. There is no nexus between the purported illegality and the defendant's counterclaim for passing off. Moreover, as rightly pointed out by learned counsel for the defendant, the penalties prescribed under the by-law do not extend to barring the enforcement of intellectual property rights. Goodwill, once established, remains unaffected by such regulatory matters.

**[47]** The court therefore agrees with the defendant's submission that licensing requirements concern regulatory oversight, not trademark ownership. Prior use prevails over registration, provided it is substantial and continuous. The plaintiff has not shown that the absence of a license has, in any way, altered consumer perception or diminished the goodwill attached to the defendant's business. The defendant's rights in the mark stand firm, undisturbed by the allegations of non-compliance.

*Issue 4: Whether The Defendant Infringed The Plaintiff's Trademark*

**[48]** As for the plaintiff's claim of trademark infringement, it cannot stand. The foundation upon which it rests – the plaintiff's registered trademarks – has crumbled with their invalidation. Without a valid registration, there can be no infringement, for one cannot assert a right that no longer exists. But even if the marks had remained on the register, the defendant would still find refuge under s. 55(2) of the TMA, which affords protection to the prior user:

> **Acts not amounting to infringement**
>
> 55. (1) ...
>
> ...
>
> (2) Notwithstanding section 54, a person does not infringe a registered trademark by using an unregistered trademark that is identical with or similar to the registered trademark in relation to goods or services identical or similar to those for which the trademark is registered if he has, or he and his predecessor in business have, continuously used in the course of trade the unregistered trademark in relation to those goods or services from a time before -

A (a) the date of registration of the registered trademark; or

(b) the date the registered proprietor, or a predecessor in business, or a person who was a registered user under the repealed Act, first used the trademark,

whichever is the earlier.

B **[49]** The law, in its wisdom, recognises that the first in the field should not be displaced by a later comer armed with a mere certificate of registration. The plaintiff's claim, therefore, is without merit and must fail.

**Decision**

C **[50]** Having carefully considered the facts and circumstances of this case, this court found that the defendant is the rightful proprietor of the 'LA VILLA' trademark and had established priority of use. The plaintiff's trademarks were thereby declared invalid and ordered to be removed from the register. The plaintiff had also engaged in passing off, warranting a D permanent injunction restraining its use of the 'LA VILLA' mark, with damages to be assessed. Accordingly, the plaintiff's claims were dismissed with costs, and the defendant's counterclaim was allowed in its entirety.

**[51]** As to costs, I have awarded the sum of RM100,000 to the defendant. That sum, in my judgment, is fair and just, for the defendant was drawn into E this litigation quite unnecessarily. It was not of their making; rather, the defendant was compelled to defend itself against a claim that ought never to have been pursued with such vigour. The plaintiff, with all its might and resources, stood in the position of Goliath, while the defendant, a smaller and humbler enterprise, was no more than David.

F **[52]** It is beyond doubt that the defendant had been using the trademark long before this dispute arose, and what is more, its establishment stands but 3km from that of the plaintiff. A mere glance at the circumstances would have made this plain to any reasonable observer. It was, in truth, incumbent upon the plaintiff to seek a resolution without recourse to the courts. A more G sensible course would have been to negotiate, to seek an understanding, or if need be, to rebrand. That would have been the way of reason, the way of fairness. But instead, the plaintiff chose the path of litigation, and for that choice, costs must follow the event.

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